

**CALDWELL PARISH CLERK OF COURT
COLUMBIA, LOUISIANA**

**ANNUAL FINANCIAL REPORT
JUNE 30, 2012**

Caldwell Parish Clerk of Court
Columbia, Louisiana

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Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

Honorable Eugene Dunn
Caldwell Parish Clerk of Court
P. O. Box 1327
Columbia, LA 71418

We have audited the accompanying financial statements of the governmental activities, major fund and fiduciary funds of the Caldwell Parish Clerk of Court, a component unit of the Caldwell Parish Police Jury, as of and for the year ended June 30, 2012, which collectively comprise the Clerk's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Caldwell Parish Clerk of Court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund and fiduciary funds of the Caldwell Parish Clerk of Court, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2012, on our consideration of the Caldwell Parish Clerk of Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of

internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Caldwell Parish Clerk of Court's financial statements as a whole. The budgetary comparison listed as other required supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Caldwell Parish Clerk of Court has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 17, 2012
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$291,588
Investments	25,112
Revenue Receivable	<u>33,579</u>
Total Current Assets	\$350,279
Noncurrent Assets-	
Capital Assets, Net	<u>32,003</u>
Total Assets	<u>\$382,282</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 9,366
Payroll & Related Liabilities	7,314
Current Portion of Long-term Debt	<u>7,175</u>
Total Current Liabilities	<u>\$ 23,855</u>
Long-term Liabilities-	
Net Pension Obligation	\$341,885
Long-term Debt	<u>1,234</u>
Total Long-term Liabilities	<u>\$343,119</u>
Total Liabilities	<u>\$366,974</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	\$ 23,594
Unrestricted	<u>(8,286)</u>
Total Net Assets	<u>\$ 15,308</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Activities
June 30, 2012

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Fees and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Judicial	<u>\$552,589</u>	<u>\$339,969</u>	<u>\$18,950</u>	<u>\$0</u>	<u>\$(193,670)</u>
General Revenues:					
					\$ 4,775
					<u>51,488</u>
					<u>\$ 56,263</u>
					<u>\$(137,407)</u>
					<u>152,715</u>
					<u>\$ 15,308</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Balance Sheet-Governmental Fund
June 30, 2012

ASSETS:

Cash & Cash Equivalents	\$291,588
Investments	25,112
Revenue Receivable	<u>33,579</u>
Total Assets	<u>\$350,279</u>

LIABILITIES:

Accounts Payable	\$ 9,366
Payroll & Related Liabilities	<u>7,314</u>
Total Liabilities	<u>\$ 16,680</u>

FUND BALANCE:

Unassigned	<u>\$333,599</u>
Total Fund Balance	<u>\$333,599</u>
Total Liabilities & Fund Balance	<u>\$350,279</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Assets
June 30, 2012

Total Fund Balance for the Governmental Fund at June 30, 2012	\$ 333,599
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Total Net Assets reported for Governmental Activities
in the Statement of Net Assets is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the fund. Those assets consist of:

Automobiles	\$ 33,648	
Furniture, Fixtures & Equipment	<u>180,848</u>	
Total Capital Assets	\$ 214,496	
Less, Accumulated Depreciation	<u>(182,493)</u>	
Net Capital Assets		32,003

Long-term liabilities are not due and payable in the
current period and, therefore, are not reported in
the Governmental Fund Balance Sheet.

Long-term Debt	(8,409)
Net Pension Obligation	<u>(341,885)</u>

Total Net Assets of Governmental Activities at June 30, 2012	\$ <u>15,308</u>
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The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
June 30, 2012

REVENUES:

Licenses & Permits-	
Marriage Licenses	\$ 1,975
Charges for Services-	
Court Costs, Fees & Charges	184,917
Recording Fees	106,720
Photocopying Fees	46,357
Intergovernmental-	
Supplemental Compensation Fund	18,950
Miscellaneous-	
Other	51,488
Interest	<u>4,775</u>
Total Revenues	<u>\$415,182</u>

EXPENDITURES:

Current-	
Judicial-	
Personnel Services	\$341,359
Operating Services	42,991
Operating Supplies	18,016
Other Charges	18,207
Debt Service-	
Principal Payments	6,792
Interest Payments	666
Capital Expenditures	<u>1,405</u>
Total Expenditures	<u>\$429,436</u>

(Deficiency) of Revenues over Expenditures \$ (14,254)

Fund Balance-Beginning of Year 347,853

Fund Balance-End of Year \$333,599

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2012

Net Change in Fund Balance - Governmental Fund \$ (14,254)

Amounts reported for Governmental Activities
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as expenditures.
However, in the Statement of Activities, the cost of these
assets is allocated over their estimated useful lives as depre-
ciation expense. The current year amounts for these items were-

Capital Expenditures	1,405
Depreciation Expense	(13,630)

Payments made on Long-term Debt are shown as expenditures
in the Governmental Fund, but the payments reduce Long-term
Liabilities in the Statement of Net Assets. Changes in Long-term
Debt were 6,792

Increases in Long-term Debt are reflected as an increase in
Expenses on the Statement of Activities, but are not reported
in the Governmental Funds

Net Pension Obligation	(117,720)
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Change in Net Assets of Governmental Activities \$(137,407)

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ASSETS:			
Cash & Cash Equivalents	\$376,223	\$146,031	\$522,254
Investments	<u>42,640</u>	<u>0</u>	<u>42,640</u>
Total Assets	<u>\$418,863</u>	<u>\$146,031</u>	<u>\$564,894</u>
LIABILITIES:			
Due to Others	<u>\$418,863</u>	<u>\$146,031</u>	<u>\$564,894</u>
Total Liabilities	<u>\$418,863</u>	<u>\$146,031</u>	<u>\$564,894</u>

The accompanying notes are an integral part of this statement.

Caldwell Parish Clerk of Court
Statement of Changes in Fiduciary Net Assets
for the Year Ended June 30, 2012

	Advance Deposit <u>Fund</u>	Registry of Court <u>Fund</u>	<u>Total</u>
ADDITIONS:			
Suits and Successions	\$248,627	\$ 0	\$248,627
Interest Income	<u>2,022</u>	<u>594</u>	<u>2,616</u>
Total Additions	<u>\$250,649</u>	<u>\$ 594</u>	<u>\$251,243</u>
DEDUCTIONS:			
Clerk's Costs (paid to general fund)	\$201,006	\$ 0	\$201,006
Settlements to Litigants	48,249	7,198	55,447
Sheriff's Fees	19,255	0	19,255
Attorneys, Curators, Notary	7,495	0	7,495
Judges' Supplemental Fund	9,076	0	9,076
Judicial Supplemental Fund	4,190	0	4,190
Other Deductions	<u>4,764</u>	<u>0</u>	<u>4,764</u>
Total Deductions	<u>\$294,035</u>	<u>\$ 7,198</u>	<u>\$301,233</u>
Change in Liabilities	\$ (43,386)	\$ (6,604)	\$ (49,990)
Liabilities-Beginning	<u>462,249</u>	<u>152,635</u>	<u>614,884</u>
Liabilities-Ending	<u>\$418,863</u>	<u>\$146,031</u>	<u>\$564,894</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

Introduction:

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Caldwell Parish Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and has other duties and powers provided by law. The Clerk of Court is elected for a four-year term.

1. Summary of Significant Accounting Policies:

A. BASIS OF PRESENTATION-

The accompanying financial statements of the Caldwell Parish Clerk of Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

B. REPORTING ENTITY-

As the governing authority of the parish, for reporting purposes, the Caldwell Parish Police Jury is the financial reporting entity for Caldwell Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) other organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Caldwell Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Caldwell Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Caldwell Parish Police Jury.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Caldwell Parish Police Jury provides office facilities for the Clerk of Court, the Clerk of Court was determined to be fiscally dependent on the Police Jury and accordingly is considered to be a component unit of the Caldwell Parish Police Jury, the financial reporting entity. The accompanying basic financial statements present information only on the funds maintained by the Clerk of Court and do not present information on the Caldwell Parish Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING-

The Caldwell Parish Clerk of Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Clerk of Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. Funds of the Clerk of Court are classified into two categories: governmental and fiduciary. An emphasis is placed on major funds, and the General Fund is considered to be a major fund.

Governmental Fund

General Fund - The General Fund (Salary Fund), as provided by Louisiana Revised Statute 13:781, is the principal fund of the Caldwell Parish Clerk of Court and accounts for the operations of the Clerk's office. The various fees and charges due to the Clerk's office are accounted for in this fund.

Fiduciary Funds

Agency Funds - The agency funds, the Advance Deposit Fund and Registry of Court Fund, account for assets held by the clerk as an agent for litigants held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the Caldwell Parish Clerk of Court, except for the fiduciary funds which are reported separately.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

The government-wide financial statements were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Fund Financial Statements

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The governmental fund and the agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Caldwell Parish Clerk of Court considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues-

Fees for certified copies, recording legal documents, marriage licenses, and commissions for services are recorded in the year they are earned. Interest income on time deposits is recorded when the time deposits have matured and the income is available. All other revenues are recorded when received.

Expenditures-

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

E. BUDGETARY ACCOUNTING-

Formal budgetary accounting is employed as a management control. The Caldwell Parish Clerk of Court prepares and adopts a budget each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the modified accrual basis of accounting. The Clerk of Court amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. The budget was not amended during this year. All budget appropriations lapse at year end.

F. CASH AND CASH EQUIVALENTS-

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the Clerk may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. The Clerk's policy is to include time deposits and certificates of deposit in cash equivalents.

G. INVESTMENTS-

Investments are limited by R. S. 33:2955 and the Caldwell Parish Clerk of Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

H. RECEIVABLES-

All receivables are reported at their gross value. The Clerk expects to collect all balances due, and no allowance for bad debts is recorded.

I. CAPITAL ASSETS-

Capital assets are carried at historical cost. Depreciation of all exhaustible capital assets used by the Caldwell Parish Clerk of Court is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 5 to 15 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized. The Clerk maintains a threshold level of \$500 or more for capitalizing assets.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

J. COMPENSATED ABSENCES-

Full-time employees of the Caldwell Parish Clerk of Court earn vacation and sick leave each year as follows:

<u>Period of Continuous Service</u>	<u>Vacation Days</u>	<u>Sick Days</u>
Up to 6 Months	5	
6 Months to 10 Years	10	
Greater than 10 Years	15	
Per Fiscal Year		10

Vacation and sick leave days are not cumulative and must be used during the period earned. Although the fiscal year ends on June 30th, these amounts are not accrued as they are deemed immaterial. Accordingly, the Caldwell Parish Clerk of Court has no accumulated and vested benefits related to vacation leave or sick leave. The cost of leave privileges is recognized as a current expenditure in the General Fund when leave is actually taken.

K. ESTIMATES-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

L. EQUITY CLASSIFICATIONS-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

When an expense is incurred for the purposes for which both restricted and unrestricted net assets are available, the Clerk applies unrestricted net assets first, unless a determination is made to use restricted net assets. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by the Clerk at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund, the Clerk's only governmental fund, has an unassigned fund balance of \$333,599. If applicable, the Clerk would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

2. Cash and Cash Equivalents and Related Credit Risk:

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. The Clerk of Court may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

At June 30, 2012, the Clerk of Court had cash and cash equivalents (book balances) totaling \$813,842 as follows:

Demand Deposits	\$306,085
Interest-bearing Demand Deposits	116,097
Time Deposits	<u>391,660</u>
Total	<u>\$813,842</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2012, the Clerk of Court has \$828,479 in collected bank balances. These deposits are secured from credit risk as follows:

Collected Bank Balances	\$ 828,479
FDIC Insurance	(359,955)
Category 3 Pledged Securities	<u>(468,524)</u>
Balance Subject to Credit Risk	<u>\$ _____ 0</u>

Even though the pledged securities are considered uncollateralized (Category 3), under the provisions of GASB, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Clerk of Court that the fiscal agent has failed to pay deposited funds upon demand.

3. Investments:

Investments held at June 30, 2012, include \$67,752 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2012, is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701, enacted LSA-R.S. 33:2955 (A) (1) (h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. Revenue Receivable:

The following is a summary of receivables at June 30, 2012:

<u>Class of Receivable</u>	<u>Total</u>
Charges for Services	<u>\$33,579</u>

5. Capital Assets:

Capital asset balances and activity for the year ended June 30, 2012, is as follows:

	<u>Balance</u> <u>07-01-11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06-30-12</u>
Governmental Activities-				
Vehicles	\$ 33,648	\$ 0	\$0	\$ 33,648
Furniture, fixtures, and equipment	179,443	1,405	0	180,848
Less, accumulated depreciation	<u>(168,863)</u>	<u>(13,630)</u>	<u>0</u>	<u>(182,493)</u>
Total Capital Assets, net	<u>\$ 44,228</u>	<u>\$(12,225)</u>	<u>\$0</u>	<u>\$ 32,003</u>

Depreciation expense of \$13,630 was charged to the judicial function.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

6. Accounts Payable and Accruals:

The following is a summary of accounts payable at June 30, 2012:

<u>Class of Payable</u>	<u>Total</u>
Payroll Related Accruals	\$ 7,314
Vendor	<u>9,366</u>
Total	<u>\$16,680</u>

7. Leases:

On September 28, 2009, the Caldwell Parish Clerk of Court entered into a capital lease for a new vehicle for 48 months. The interest rate is 5.5%. The capital lease has a governmental appropriations clause which provides that the Clerk can return the vehicle at any point during the lease if revenues are not sufficient to continue the lease. If the Clerk continues the lease to its termination, then such vehicle is titled to the Clerk for a nominal cost of \$1. The Clerk is responsible for insurance and repairs on such vehicles during the lease.

The following is a summary of changes on long-term debt for the year ended June 30, 2012:

Balance July 1, 2011	\$15,201
Additions	0
Reductions	<u>(6,792)</u>
Balance June 30, 2012	<u>\$ 8,409</u>

The annual requirements to amortize all debt outstanding as of June 30, 2012, are as follows:

	<u>Principal</u>	<u>Interest</u>
2013	\$7,175	\$283
2014	<u>1,234</u>	<u>9</u>
Total	<u>\$8,409</u>	<u>\$292</u>

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

8. Pension Plan:

Plan Description. Substantially all employees of the Caldwell Parish Clerk of Court are members of the Louisiana Clerks of Court Retirement and Relief Fund (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All regular employees who are under the age of 60 at the time of original employment are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Clerks of Court Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162.

Plan members are required by state statute to contribute 8.25 percent of their annual covered salary and the Caldwell Parish Clerk of Court is required to contribute at an actuarially determined rate. This current rate is 17.25 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (one-half of one percent for New Orleans) of the taxes shown to be collectible by the tax rolls of each parish. The contribution requirements of plan members and the Caldwell Parish Clerk of Court are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer's contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Caldwell Parish Clerk of Court's contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$39,027, \$38,625, and \$38,974, respectively, and were equal to the required contributions for each year. The Caldwell Parish Clerk of Court has elected under state statute to pay both the employer and the employee contributions to the retirement system. Due to this election, the Clerk contributed an additional \$5,575 on behalf of the employees for the year ended June 30, 2012.

9. Other Postemployment Benefits:

Plan Description. The Caldwell Parish Clerk of Court contributes to a single-employer defined benefit healthcare plan ("the Retiree Healthcare Plan"). The plan provides lifetime healthcare and life insurance for eligible retirees through the clerk's group health insurance plan. Benefit provisions are established by the Caldwell Parish Clerk of Court. Employees are entitled to benefits upon reaching age 55 with at least 12 years of credited service. The Retiree Health Plan does not issue a publicly available financial report.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

Effective with the Year ending June 30, 2010, the Caldwell Parish Clerk of Court implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The statement has been implemented prospectively. Using this method, the beginning other post employment benefit (OPEB) liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to July 1, 2009) will be amortized and recognized as an expense over thirty years.

Funding Policy. The Caldwell Parish Clerk of Court contributes 100% of the cost of current year premiums for eligible retired employees. For the year ended June 30, 2012, the Caldwell Parish Clerk of Court contributed \$16,438 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The clerk's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The Caldwell Parish Clerk of Court has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB 45 for employers in plans with fewer than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the clerk's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the clerk's net OPEB obligation to the retiree health plan.

Annual required contribution	\$129,675
Interest on net OPEB obligation	4,483
Adjustment to annual required contribution	<u>0</u>
Annual OPEB cost (expense)	\$134,158
Contributions made	<u>(16,438)</u>
Increase in net OPEB obligation	\$117,720
Net OPEB obligation at beginning of year	<u>224,165</u>
Net OPEB obligation at end of year	<u>\$341,885</u>

The Clerk's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2012, was \$134,158, 12.3%, and \$341,885, respectively.

Funded Status and Funding Progress. As of June 30, 2012, the actuarial accrued liability for benefits was \$1,286,297, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$194,033 and ratio of the unfunded actuarial accrued liability to the covered payroll was 663%.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumption. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical retirement age for the covered group, active members were assumed to retire at age 55 or the earliest age after that at which they would have at least 12 years of service with the Clerk's office.

Marital status - Marital status of members at the calculation date were assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the National Center for Health Statistics. The 2003 United States Life Tables for Males and for Females, revised March, 2007, were used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 4.5% initially, increased to an ultimate rate of 6.1 % after ten years, was used.

Health insurance premiums - 2011 age-adjusted health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

Inflation rate - A long-term inflation assumption of 3.9% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the 2011 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds for an intermediate growth scenario.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the clerk's short-term investments, a discount rate 2.00% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2012, was twenty-seven years.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/10	\$0	\$1,286,297	\$1,286,297	14.2%	\$191,935	670%
6/30/11	\$0	\$1,286,297	\$1,286,297	14.4%	\$193,343	669%
6/30/12	\$0	\$1,286,297	\$1,286,297	12.3%	\$182,637	705%

10. Risk Management:

The Caldwell Parish Clerk of Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Clerk of Court maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Clerk of Court.

11. Expenditures of the Clerk of Court Paid by the Parish Police Jury:

Certain expenses of the Caldwell Parish Clerk of Court's office are paid by the Caldwell Parish Police Jury. In addition to furnishing the building where the Clerk's office is located, the Police Jury pays all utility bills, some insurance, and furnishes some of the equipment in the Clerk's office.

Caldwell Parish Clerk of Court
Notes to Financial Statements
June 30, 2012

12. Deferred Compensation Plan:

All of the employees of the Caldwell Parish Clerk of Court are eligible to participate in the State of Louisiana deferred compensation plan. Employees may contribute up to 100% of their salary (not to exceed \$17,000 a year) to the plan on a pre-tax basis. The contributions are withheld from the employees' paycheck and the Clerk matches 50% of the employee contribution up to \$300 per month for each employee. The contributions are fully vested immediately and are remitted to a third-party administrator each pay period, where they are deposited to an account in the employee's name. The Caldwell Parish Clerk of Court does not assume any liability for the funds and does not have any control over the funds once they are remitted to the third-party administrator. During the year ended June 30, 2012, the Clerk's matching funds totaled \$6,845.

13. Subsequent Events:

Management has evaluated events through December 17, 2012, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED SUPPLEMENTARY INFORMATION

Caldwell Parish Clerk of Court
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2012

	<u>Budget</u> <u>Original/Final</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:			
Licenses & Permits-			
Marriage Licenses	\$ 2,000	\$ 1,975	\$ (25)
Charges for Services-			
Court Costs, Fees & Charges	200,000	184,917	(15,083)
Recording Fees	105,000	106,720	1,720
Photocopying Fees	40,000	46,357	6,357
Intergovernmental-			
Supplemental Compensation Fund	18,000	18,950	950
Miscellaneous-			
Other	40,000	51,488	11,488
Interest	<u>4,000</u>	<u>4,775</u>	<u>775</u>
Total Revenues	<u>\$409,000</u>	<u>\$415,182</u>	<u>\$ 6,182</u>
EXPENDITURES:			
Current-			
Judicial-			
Personnel Services	\$355,000	\$341,359	\$13,641
Operating Services	40,000	42,991	(2,991)
Operating Supplies	22,000	18,016	3,984
Other Charges	15,000	18,207	(3,207)
Debt Service	7,000	7,458	(458)
Capital Expenditures	<u>0</u>	<u>1,405</u>	<u>(1,405)</u>
Total Expenditures	<u>\$439,000</u>	<u>\$429,436</u>	<u>\$ 9,564</u>
(Deficiency) of Revenues over Expenditures	<u>\$ (30,000)</u>	<u>\$ (14,254)</u>	<u>\$15,746</u>
Fund Balance-Beginning of Year	<u>347,853</u>	<u>347,853</u>	<u>0</u>
Fund Balance-End of Year	<u>\$317,853</u>	<u>\$333,599</u>	<u>\$15,746</u>

See accountant's report.

OTHER REPORTS

Johnson, Thomas & Cunningham

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Eugene Dunn
Caldwell Parish Clerk of Court
P. O. Box 1327
Columbia, LA 71418

We have audited the financial statements of the governmental activities, major fund and fiduciary funds of the Caldwell Parish Clerk of Court as of and for the year ended June 30, 2012, which collectively comprise the Caldwell Parish Clerk of Court's basic financial statements and have issued our report thereon dated December 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

The Caldwell Parish Clerk of Court is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Caldwell Parish Clerk of Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Caldwell Parish Clerk of Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Caldwell Parish Clerk of Court's internal control over financial reporting.

A deficiency in internal control exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal controls such that there is a reasonable possibility that a material misstatement of the Caldwell Parish Clerk of Court's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of audit findings that we consider to be a significant deficiency in internal control over financial reporting as item 12-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Caldwell Parish Clerk of Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Louisiana Legislative Auditor and management of the Caldwell Parish Clerk of Court and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

December 17, 2012
Natchitoches, Louisiana

Caldwell Parish Clerk of Court
Schedule of Audit Findings
Year Ended June 30, 2012

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unqualified opinion was issued on the financial statements of the Caldwell Parish Clerk of Court as of and for the year ended June 30, 2012.
2. The audit disclosed one significant deficiency in internal control, and this deficiency was not determined to be a material weakness.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following finding relates to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

12-01 Segregation of Duties

Criteria - The Clerk's office should have employees available to execute the ongoing duties related to financial matters.

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Effect - Intentional or unintentional errors could be made and not detected within the accounting system.

Cause - Due to a lack of funds, the Clerk's office does not have a sufficient number of employees to adequately separate accounting duties or to prepare the Clerk's annual financial statements with related note disclosures.

Recommendation - Since the costs associated with establishing an appropriate system of internal control should not outweigh the benefits derived from it, we do not have a recommendation to make.

Management's Response - It is not economically feasible to add a sufficient number of employees to adequately segregate accounting duties. In addition, we have evaluated the cost/benefit of establishing a system to prepare our annual financial statements and have determined that it is in the best interest of the Clerk of Court to have our independent auditors prepare our financial statements. We understand that we should review the financial statements and notes and accept responsibility for their contents and presentation.

Caldwell Parish Clerk of Court
Schedule of Audit Findings-continued
Year Ended June 30, 2012

III. PRIOR YEAR AUDIT FINDINGS

11-01 Segregation of Duties

Condition - Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties and the lack of personnel available to prepare financial statements including the related note disclosures.

Status - As of June 30, 2012 this condition still exists. See current year finding 12-01.

11-02 Cash Balance Unsecured

Condition - The cash balance in the bank was not fully secured by FDIC or pledged securities.

Status - As of June 30, 2012 this condition was cleared.